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To: Csaba Nagy
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Subject: Microsoft Anti-Trust case

To whom it may concern,

I have followed with great interest the Microsoft anti-trust case (and its earlier derivatives) for several years and have been astonished time and time again at the light punishment that it has been given for its offences.

The following are some of the perceptions that I have, and I believe the majority of the public has:

- if someone breaks the law they should be punished
- the type and length of punishment is variable and takes into account among many other things the severity of the crime, past behavior (have they committed other crimes in the past, have they committed similar crimes in the past)
- repeat offenders are punished most severely, especially if they continue to break the law in the same way

Microsoft has been consistent in its behavior for several years of using its monopoly ownership of the operating system to advance the usage of its products. Microsoft says that this is innovation, which is not true. Innovation is the company that wrote the first web browser, the first MP3 player, the first anti-virus software etc. Microsoft is not innovating when it comes out with an identically functional product. In these instances, Microsoft is advancing someone else's innovation forward without having to sacrifice the original effort required to have come up with the idea in the first place. Improving on someone else's ideas is not wrong in itself, and in fact this is one of the strengths inherent in capitalism based on competition. The problem is when you leverage your monopoly position in one area of the market with the intent to discourage customers from using a competitors product. Maintaining a competitive environment is important and helps to maintain a healthy industry (and this is the case for all industries). Once competition is eroded, there is no incentive for a monopoly to be productive, to be efficient, or to manufacture improved products. While you may have temporary improved stability derived from standards because of a monopoly, the overall long-term effect is one of neglect towards the customers because there is no need to worry about a competitor stealing them away from you.

Microsoft has gone on too long without being punished in a realistic manner. If at this point Microsoft is not held accountable, then their behavior is justified and will continue ad infinitum until both the public and the industry are harmed.

Imagine the ridiculous situation where there is Company X which manufactures the majority of roads in the US. They are responsible for designing the

majority of roads, building them, repairing them, etc. Now imagine that there are 10 companies, including Company X, which manufacture the various cars, SUVs, trucks, motorcycles to function on these roads. There is a tremendous variety of vehicles because there are many different consumers, each with their own taste and needs. All of the vehicles work on all of the roads.

What would happen if Company X makes some changes to the roads that it keeps secret. Then it uses this secret in order to make its vehicles run better than its competitor vehicles. They remark to the complaint of the competitors with, "Innovation, this is what customers want, need, and deserve." Well, the cars do run faster, and the trucks get better gas mileage, and the traction is safer in the winter, so why should we complain? We should thank Company X for helping us all out with such well thought out ideas.

One day Company Y comes out with a completely new vehicle that is very popular. In fact it is so popular that it is a blockbuster hit and everybody is talking about this car. Competitor X comes out shortly with a version that is very similar, in fact it is mostly a copy of Company Y's car with a few less amenities. Company X's car does not do so well. What is Company X to do? Company X continues to "innovate" and eventually decides that they can make some money with tollbooths on some of its roads. These are funny kind of tollbooths though, because rather than charge passengers for driving through them, then only let vehicles manufactured by Company X through. Many people complain, but Company X explains that only its cars are manufactured to the specifications of the roads in those areas, and that it would be unsafe for cars from other manufactures to drive on those roads.

Prior to the tollbooth situation, the incentive for customers to purchase the Company X copy would be more advantages and less disadvantages than Company Y's cars. Because Company X limits many of its roads to Company X cars, more and more customers are convinced that they should purchase Company X cars despite Company Y having a better car. Over many years despite the extreme competition between Company X and Y who release new better versions of their cars every year, eventually because of the almost unlimited resources of Company X (because of the tollbooths) and they leveraged their control over the roads, Company Y went bankrupt.

Following this same cycle, most other car companies went bankrupt and the few that are left produce vehicles that are highly specialized for niche markets. Nevertheless, Company X continued to sell their cars and they continued to add minor changes every year because they still had the requirement to sell more and more cars in order to satisfy their shareholders. But eventually they became complacent and within short time their ultimate goal was to make the most profit possible on the minimum amount of innovation investment possible.

The pace of change that customers had come to appreciate and benefit from, which was fuelled by competition, eventually led way to stagnation. The

ultimate losers were the individual customers and the entire industry.

Regards and keep fighting.

Csaba

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